

Y&G CORPORATION BHD. [Registration No. : 196501000612 (6403-X)]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

	----- INDIVIDUAL QUARTER -----		----- CUMULATIVE QUARTER -----	
	Current Year Quarter 30 Jun 2021	Preceding Year Corresponding Quarter 30 Jun 2020	Current Year To-date 30 Jun 2021	Preceding Year Corresponding Period 30 Jun 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	16,725	6,037	29,379	13,483
Operating expenses	(13,333)	(5,822)	(23,885)	(13,391)
Other operating income	28	31	76	48
Profit From Operations	3,420	246	5,570	140
Interest income	188	167	256	271
Interest expenses	(238)	(112)	(420)	(193)
Profit Before Tax	3,370	301	5,406	218
Taxation	(901)	(195)	(1,448)	(1,138)
Profit / (Loss) For The Period	2,469	106	3,958	(920)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income / (Loss)	2,469	106	3,958	(920)
Attributable to:				
Equity holders of the parent	2,469	107	3,958	(920)
Non-controlling interests	*	(1)	*	*
	2,469	106	3,958	(920)
Total Comprehensive Income / (Loss) attributable to equity holders of the parent :				
Basic Earnings/(Loss) per share (Sen)	1.13	0.05	1.81	(0.42)

(*) Less than RM1,000

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 Dec 2020 and the accompanying notes attached to the Interim Financial Statements.

Y&G CORPORATION BHD. [Registration No. : 196501000612 (6403-X)]

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	As at end of Current Quarter 30 Jun 2021	As at Preceding Year Ended 31 Dec 2020
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,568	1,703
Investment property	17,775	17,891
Land held for property development	163,065	161,909
Deferred tax assets	1,718	1,651
	184,126	183,154
CURRENT ASSETS		
Inventories	52,318	62,058
Property development expenditure	38,638	38,242
Contract assets	21,662	12,113
Trade receivables	23,111	20,872
Other receivables, deposits and prepayments	2,842	2,862
Current tax assets	729	1,133
Cash and cash equivalents	63,917	66,644
	203,217	203,924
TOTAL ASSETS	387,343	387,078
EQUITY AND LIABILITIES		
Equity attributable to equity holders of parent -		
Share capital	218,478	218,478
Retained earnings	79,719	75,761
	298,197	294,239
NON-CONTROLLING INTEREST	491	492
TOTAL EQUITY	298,688	294,731
NON-CURRENT LIABILITIES		
Obligation under finance leases (Long Term)	535	666
Bank borrowings (Long Term)	32,432	32,893
Deferred tax liabilities	9,601	10,077
	42,568	43,636
CURRENT LIABILITIES		
Trade payables	22,238	31,861
Other payables and accruals	8,287	7,930
Obligation under finance leases (Short Term)	281	324
Bank borrowings (Short Term)	14,507	8,478
Current tax liabilities	774	118
	46,087	48,711
TOTAL LIABILITIES	88,655	92,347
TOTAL EQUITY AND LIABILITIES	387,343	387,078
Net assets / share attributable to ordinary equity holders of the parent (RM)	1.36	1.35

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 Dec 2020 and the accompanying notes attached to the Interim Financial Statements.

Y&G CORPORATION BHD. [Registration No. : 196501000612 (6403-X)]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

	Share capital	Irredeem- able convertible preference shares	Warrant reserve	Retained earnings	Non - controlling interest	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current Quarter						
Balance as at 1 January 2021	218,478	-	-	75,761	492	294,731
Profit / (Loss) after tax	-	-	-	3,958	(1)	3,957
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	3,958	(1)	3,957
Transaction with owners :						
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 30 Jun 2021	218,478	-	-	79,719	491	298,688
Preceding Year's Corresponding Quarter						
Balance as at 1 January 2020	218,478	-	-	74,989	482	293,949
Profit / (Loss) after tax	-	-	-	(920)	-	(920)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Loss	-	-	-	(920)	-	(920)
Transaction with owners :						
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 30 Jun 2020	218,478	-	-	74,069	482	293,029

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 Dec 2020 and the accompanying notes attached to the Interim Financial Statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

	Current Quarter Ended 30 Jun 2021	Preceding Year Quarter 30 Jun 2020
	RM'000	RM'000
PROFIT BEFORE TAX	5,406	218
Depreciation on property, plant and equipment	149	221
Amortisation of investment property	116	116
Interest on obligation under finance leases	19	15
Bank borrowings' interest	401	178
Interest income	(255)	(271)
Unrealised gain on foreign exchange	(138)	-
Operating Profit Before Working Capital Changes	5,698	477
CHANGES IN WORKING CAPITAL :		
Decrease/(Increase) in inventories	9,740	5,115
Decrease/(Increase) in property development costs	(396)	(4,955)
Decrease/(Increase) in contract assets/liabilities	(9,549)	(3,545)
Decrease/(Increase) in receivables	(2,219)	(414)
(Decrease)/Increase in payables	(9,266)	(33,169)
Cash Used In Operations	(5,992)	(36,491)
Taxes paid	(931)	(1,175)
Net Cash Flows Used In Operating Activities	(6,923)	(37,666)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(15)	(546)
Addition of land held for property development	(1,156)	(684)
Interest income	255	271
Net Cash Flows Used In Investing Activities	(916)	(959)
FINANCING ACTIVITIES		
Net Drawdown of loans and borrowings	8,214	33,238
Repayment of obligation under finance lease	(174)	(142)
Repayment of bank borrowings	(2,646)	(2,939)
Interest on obligation under finance leases	(19)	(15)
Bank borrowings' interest	(401)	(178)
Advance from / (Repayment to) directors	-	175
Net Cash Flow Generated From Financing Activities	4,974	30,139
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,865)	(8,486)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	66,644	66,391
Effects of exchange rate changes on cash and cash equivalents	138	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	63,917	57,905
<u>Cash and cash equivalents comprise the followings :</u>		
Cash and bank balances	48,145	48,241
Fixed deposits with licensed banks (*)	15,772	9,664
	63,917	57,905

(*) : Included in the fixed deposits with licensed banks are deposits amounting to RM5.926M (2020 : RM5.788M) pledged to licensed banks as securities for banking facilities granted to certain subsidiaries

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the Year Ended 31 Dec 2020 and the accompanying notes attached to the Interim Financial Statements)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

1. BASIS OF PREPARATION

The Interim Financial Statements for the second quarter ended 30 June 2021 are unaudited and have been prepared in accordance with the requirements of MFRS 134 – "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020.

These explanatory notes attached to the Interim Financial Statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2020.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in preparing this Interim Financial Statements are consistent with those adopted in the Audited Financial Statements for the year ended 31 December 2020.

On 1 January 2021, the Group has adopted the following new and amended Malaysian Financial Reporting Standards ("MFRSs") and Issues Committee ("IC") Interpretation mandatory for annual financial periods beginning on or after 1 January 2021 :

Amendments to MFRS 4, MFRS 7, Interest Rate Benchmark Reform - Phase 2
MFRS 9, MFRS 16 and MFRS 139

The adoption of the new and amended MFRSs that came into effect during the financial quarter under review do not have any material effect on the financial performance or position of the Group.

The following Standards, Amendments and IC Interpretations have been issued by the MASB but have not been effective and have not been adopted by the Group :

Effective for the financial periods beginning on or after 1 January 2022

Amendments to MFRS 1, MFRS 9 and MFRS 141	Annual Improvements to MFRSs 2018 - 2020 Cycle
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before intended use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Effective for the financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021****3. AUDITORS' REPORT ON PRECEDING AUDITED FINANCIAL STATEMENTS**

The auditors' report on the Audited Financial Statements for the year ended 31 December 2020 was not subject to any qualification.

4. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group for the current financial quarter and year-to-date were not subject to any seasonal or cyclical factors.

5. UNUSUAL ITEMS

There were no unusual items which have a material effect on the assets, liabilities, equity, net income or cash flow of the Group for the current financial quarter and year-to-date.

6. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years which may have a material effect in the current financial quarter.

7. DEBT, EQUITY AND CONVERTIBLE SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

8. DIVIDEND PAID

The Company did not make any payment of dividends during the current financial quarter.

9. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax :

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	RM'000	RM'000	RM'000	RM'000
Depreciation on property, plant and equipment	75	113	150	221
Amortisation of investment property	58	58	116	116
Unrealised gain on foreign exchange	(6)	-	(138)	-

Save for the items disclosed in the Statement of Comprehensive Income and the note above, other items pursuant to Appendix 9B Note 16 of the MMLR are not applicable.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021****10. SEGMENTAL INFORMATION**

The analysis of the Group's operations for the current financial year-to-date ended 30 June 2021 are as follows :

	<u>Property Investment & Others</u> RM'000	<u>Property Development</u> RM'000	<u>GROUP</u> RM'000
Segment Revenue - Externa	369	29,010	29,379
Segment Results	(913)	6,483	5,570
Interest Income			256
Interest Expenses			(420)
Profit Before Tax			5,406
Taxation			(1,448)
Profit for the Period			3,958

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuation of property, plant and equipment has been brought forward without any amendments from the Audited Financial Statements for the year ended 31 December 2020.

12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD UNDER REVIEW

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the Interim Financial Statements as at the date of this Quarterly Report.

13. CHANGES IN COMPOSITION OF THE GROUP

There was no material change in the composition of the Group for the current financial quarter and year to-date.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Save and except as disclosed under Note 20 (Taxation) below, there was no material contingent liabilities and/or contingent assets as at the date of this Quarterly Report.

15. CAPITAL COMMITMENTS

There was no material capital commitments which are not provided for in the Interim Financial Statements as at the date of this Quarterly Report.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021****16. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR-TO-DATE**

The Group's revenue was mainly derived from the development activities for the current financial quarter and year-to-date ended 30 June 2021.

	Individual Quarter		Changes RM'000
	Current Year Current Quarter 30 Jun 2021 ("Q2FY21") RM'000	Preceding Year Corresponding Quarter 30 Jun 2020 ("Q2FY20") RM'000	
Revenue	16,725	6,037	10,688
Operating Profit	3,553	417	3,136
Profit Before Interest and Tax	3,608	413	3,195
Profit Before Tax ("PBT")	3,370	301	3,069
Profit After Tax ("PAT")	2,469	106	2,363
Profit Attributable to Ordinary Equity Holders of the Parent	2,469	107	2,362

The Group reported higher revenue of RM16.73 million for the current Q2FY21 as compared to RM6.04 million reported in the preceding year's corresponding Q2FY20. The increase in revenue was mainly due to the rebound in sales (primarily contributed from the sales of inventories) arising from our attractive sales promotion packages offered coupled with the National Home Ownership Campaign ("HOC") 2020/2021 despite the disruption caused by the Full Movement Control Order ("FMCO") imposed by the Government starting from 01 June 2021 to curb the spread of the COVID-19.

The Group reported a PAT of RM2.47 million in the current Q2FY21 as compared to RM0.11 million reported in the preceding year's corresponding Q2FY20 mainly due to the increase in revenue as above-mentioned.

	Cumulative Quarter (Year-To-Date)		Changes RM'000
	Current Year Current Year-To-Date 30 Jun 2021 ("YTD2021") RM'000	Preceding Year Corresponding Quarter 30 Jun 2020 ("YTD2020") RM'000	
Revenue	29,379	13,483	15,896
Operating Profit	5,836	478	5,358
Profit Before Interest and Tax	5,826	411	5,415
Profit Before Tax ("PBT")	5,406	218	5,188
Profit/(Loss) After Tax ("PAT/(LAT)")	3,958	(920)	4,878
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,958	(920)	4,878

Despite the disruptions caused by the FMCO and MCO 2.0 & 3.0 during the current YTD2021, the Group recorded higher Revenue and PAT of RM29.38 million and RM3.96 million respectively as compared to Revenue and LAT of RM13.48 million and 0.92 million respectively in the preceding year's corresponding YTD2020 mainly due to the same reasons as above-mentioned.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021****16. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR-TO-DATE (Cont'd)**

Under the new accounting standard MFRS15, the revenues generated from the existing PPAM Scheme Project amounting to RM1.43 million and RM2.53 million for the current Q2FY21 and YTD2021 respectively, could not be recognised until the Project has been fully completed and handed-over to the Purchasers (which has been inevitably delayed to next financial year's Q1 due to the FMCO). Had these revenues been recognised, the Group's revenues for the current Q2FY21 and YTD2021 would have been RM18.16 million and RM31.91 million respectively.

17. FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Current Quarter 30 Jun 2021 ("Q2FY21") RM'000	Immediate Preceding Quarter 31 Mar 2021 ("Q1FY21") RM'000	Changes RM'000
Revenue	16,725	12,653	4,072
Operating Profit	3,553	2,281	1,272
Profit Before Interest and Tax	3,608	2,217	1,391
Profit Before Tax ("PBT")	3,370	2,035	1,335
Profit After Tax ("PAT")	2,469	1,488	981
Profit Attributable to Ordinary Equity Holders of the Parent	2,469	1,489	980

Despite the disruption caused by the FMCO during the current Q2FY21, the Group recorded higher revenue of RM16.73 million for the current Q2FY21 as compared to RM12.65 million reported in the immediate preceding Q1FY21, primarily from the sale of inventories arising from our attractive sales promotion packages coupled with the HOC 2020/2021.

The Group's PBT for the current Q2FY21 was also higher at RM3.37 million as compared to RM2.04 million in the immediate preceding Q1FY21 in tandem with the increase in revenue as above-mentioned.

18. PROSPECTS

The Malaysian property market remains weighed down by high and rising unsold completed units in the primary market. The weaker buying interest for properties due to COVID-19 pandemic induced economic crisis and the continued stringent lending policy by most financial institutions in Malaysia and the recent implementation of FMCO, have further affected the property sector negatively.

However, the re-introduction of HOC 2020/2021 is expected to be an important catalyst to stimulate property sales in Malaysia whereby the campaign offers a minimum 10% discount on property prices and stamp duty exemption for homebuyers. Property sales are also expected to improve in tandem with the recovery in the economy in view of the aggressive rollout of vaccination program throughout Malaysia with high vaccination rates among adults currently and the Government's opening of more economic sectors including relaxation on travelling and social activities especially for those fully vaccinated individuals.

While property market conditions are likely to remain soft in the medium term, projects that are strategically located and appropriately priced will continue to see strong demand. The Group's primary focus is to follow through on its existing new projects leveraging on our expertise in building affordable homes. We will continue the efforts to monetise our existing inventories, tapping on the HOC 2020/2021 to improve the Group's cashflow position further. Besides that, we will also continue to work closely with the financial institutions and potential homebuyers to address the issues pertaining to tight financing and high loan rejection rates.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021****18. PROSPECTS (Cont'd)**

The Group's unbilled sales stood at RM97.65 million as at 30 June 2021, which is expected to continue to contribute positively to the Group's earnings in the near future.

19. PROFIT FORECAST AND PROFIT GUARANTEE

Not applicable as the Company did not issue any profit forecast and/or profit guarantee.

20. TAXATION

The taxation charge for the Group are as follows :

	Current Quarter RM'000	Current Year-To-Date RM'000
Income tax expense :-		
Estimated current year tax	(1,268)	(1,991)
Under provision in prior year	-	-
	(1,268)	(1,991)
Deferred tax :-		
Reversal of deferred tax liabilities	254	476
Recognition of deferred tax assets	113	67
	367	543
	(901)	(1,448)

The Group's effective tax rates for both the current financial quarter and year-to-date are higher than the Malaysian statutory tax rate of 24% primarily due to the progressive amortization (through charging out as part of development costs) of the development projects' revaluation surplus, which is not deductible for tax purposes coupled with the non-group tax relief to the Group.

21. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no sale of unquoted investments and/or properties for the current financial quarter and year-to-date.

22. QUOTED SECURITIES

There was no purchase or disposal of quoted securities for the current financial quarter and year-to-date.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021****23. TRADE RECEIVABLES**

	GROUP	
	As At 30 Jun 2021 RM'000	As At 31 Dec 2020 RM'000
Property Development	21,950	19,300
Management Fee	1,161	1,572
	23,111	20,872

Trade receivables comprise receivables from property development and management fee.

The trade receivables from property development comprises progress billings receivable from on-going development projects and received retention sums of completed development projects held by the solicitors as stakeholder in pursuant to the sale and purchase agreements. The progress billings are due within 21 days while, the retention sums are due upon the expiry of the defect liability period of 12 to 24 months. Other credit terms are assessed and approved on a case-to-case basis.

The trade receivables from the progress billings are creditworthy debtors with mainly good payment records and have obtained and/or in the process of obtaining end financing to fund their purchase of the Group's development properties.

24. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings and debts securities as at 30 June 2021 are analysed as follows :

<u>Secured</u>	<u>Short Term</u> RM'000	<u>Long Term</u> RM'000	<u>TOTAL</u> RM'000
Term Loan - USD	3,213	-	3,213
- RM	919	32,432	33,351
Sub-Total (Term Loan)	4,132	32,432	36,564
Bridging Loan - RM	10,375		10,375
Total Bank Borrowings	14,507	32,432	46,939
Hire Purchase - RM	281	535	816
TOTAL BORROWINGS	14,788	32,967	47,755

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no financial instrument with off balance sheet risk as at the date of this Quarterly Report.

26. MATERIAL LITIGATION

There was no material litigation as at the date of this Quarterly Report.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

27. DIVIDEND

The Board of Directors does not recommend any dividend for the current financial quarter and year-to-date.

28. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the comprehensive income attributable to equity holders of the parent for the current financial quarter and year-to-date by the weighted average of ordinary shares in issue during the said quarter and year-to-date.

	Individual Quarter	Cumulative Quarter
Total comprehensive income attributable to equity holders of the parent (RM'000)	2,469	3,958
Weighted average number of ordinary share in issue ('000)	218,478	218,478
Earnings per share (sen)	1.13	1.81

By Order of the Board

Chen Wee Sam (LS 0009709)
Secretary
Kuala Lumpur

Date : 28 September 2021